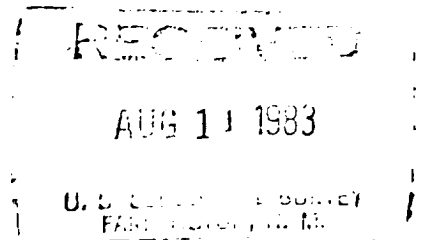


Union Texas
Petroleum

P.O. Box 600
Farmington, N.M. 87401



August 9, 1983

Department of the Interior
P. O. Box 600
Farmington, New Mexico 87499

Attention: Mr. James Sims

RECEIVED

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
FARMINGTON, N.M.

Re: Exception to No Flare Rule
Dunn Well No. 1
Section 9, T-23N, R-7W, N.M.P.M.
Rio Arriba County, New Mexico

SF-078272-A

Dear Sir:

In response to your request of July 11, 1983, reference 3100 (016), the following information is submitted.

On August 3, 1983 a portable meter run was set on the above captioned well to verify gas volume being vented; after a 24 hour test no gas had passed through the meter with 250 PSI back pressure. Gas Company of New Mexico pipeline pressures are in the 350-470 PSI range in this area (Telecon with Bob McLaughlin, Gas Company of New Mexico, 8/8/83). Delivery of gas to the pipeline would require a compressor. Reduction of backpressure indicated a stabilized flow rate of approximately 20 MCFD.

It is estimated the pipeline to deliver this gas into the existing pipeline would cost \$18,659 (Telecon Gas Company of New Mexico) and installation of a compressor an additional \$50,000 (Telecon Compressor Systems, Inc.) for an initial investment of \$68,659. Assuming \$2.00/MCF net, a rate of 20 MCFD, operating costs of \$1000/month the investment of \$68,659 represents a loss (present value, 15% discount rate, 15 year life) of \$53,454. In addition, the compressor would consume up to 8 MCFD of the produced gas, increasing the liability of the project.

Because of the uneconomic nature of marketing gas from the Dunn Well No. 1 and the marginal nature of the wells production (2-3 BOPD), it is requested, in the interest of conservation, that venting be allowed to continue. Future correspondence can be sent to the letterhead address.

Very truly yours, [Signature] This Approval Expires 8/12/84

UNION TEXAS PETROLEUM CORPORATION

[Signature]

Michael Herrington
Petroleum Engineer

APPROVED

AUG 12 1983

[Signature]
AREA MANAGER
FARMINGTON RESOURCE AREA

An ALLIED Company

NMOC
[Signature]